

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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Pakistan

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Wheat Update

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Grain and Feed

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Report Highlights:

The Government of Pakistan allows the export of 2.0 million metric tons of wheat. The mechanism for wheat exports will be determined at a later date by the Economic Coordination Committee of the Cabinet.

General Information:

The Government of Pakistan Allows the Export of 2.0 Million Metric Tons of Wheat.

The Government of Pakistan (GOP) will allow the export of 2.0 million metric tons (MMT) of wheat. The decision to allow wheat exports was announced by Prime Minister Gilani after a special meeting that reviewed the current wheat stock position and an assessment of the new crop situation. The reported objective is to clear government-owned stocks and “stabilize” the market in advance of the 2010 wheat procurement campaign. The mechanism for wheat exports will be determined at a later date by the Economic Coordination Committee (ECC) of the Cabinet. The decision to allow wheat exports is said to be predicated on large, government-owned, carryover stocks (reported at 4.0 MMT), the onset of this year’s wheat procurement campaign (with a procurement target of 7.5 MMT), and limited grain storage capacity (reported at 4.5 MMT).

Export of Wheat Would Likely Require a Subsidy

At current international prices, any exports of Pakistan wheat would likely require a subsidy, as the price of Pakistani wheat (\$297) is about 36 percent higher than prevailing international prices. Despite good harvests and lower international prices, Pakistani consumers are currently paying some of the world’s highest wheat prices. Since 2008, the price of wheat flour in Pakistan has increased by more than 50 percent.

Current Crop Scenario

According to initial estimates prepared by the Ministry of Food and Agriculture (Minfa) this year’s wheat crop is estimated at 23.9 MMT. If realized, this would mark Pakistan’s second largest wheat crop, following last year’s record harvest of 24.0 MMT. FAS/Islamabad’s current estimate of the 2010 wheat crop is 22.5 MMT.